

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, CA 95814



September 23, 2002

COUNTY FISCAL LETTER (CFL) No. 02/03-18

TO: COUNTY WELFARE DIRECTORS
COUNTY FISCAL OFFICERS
COUNTY AUDITOR CONTROLLERS

SUBJECT: FEDERAL AND STATE REPORTING FOR STATEWIDE
ELECTRONIC BENEFIT TRANSFER PROJECT

REFERENCE: California Department of Social Services (CDSS), Manual of
Policies and Procedures (MPP), Sections 16-400 and 16-410,
County Fiscal Letter (CFL) No. 01/02-38

The purpose of this fiscal letter is to clarify changes to the Food Stamp benefit reporting process as a result of the new Statewide Electronic Benefit Transfer (EBT) system (i.e., Citicorp EBT). On July 15, 2002, California began implementing statewide EBT, which will replace the Food Stamp coupon issuance system with an electronic process. This letter addresses the impact of EBT on various Federal and State Food Stamp reports. Please see Attachment I for a summary listing and description of each report. Changes in process or procedures to Attachment I reports do not apply to non-EBT counties prior to implementing EBT nor the current San Bernardino and San Diego EBT projects.

FNS 46 (Issuance Reconciliation Report) and the New DFA 885 Report***New reporting process for EBT counties***

Effective with the July 2002 report month, the Food and Nutrition Service (FNS) requires the CDSS to submit one consolidated statewide report for counties implementing the EBT System. Previous to EBT, each county was responsible for sending their own FNS 46 directly to FNS. As a result of this change, CDSS has developed new forms for counties to use in sending their FNS 46 information directly to CDSS. The new forms are the DFA 885A (Federal Issuance Reconciliation Report) (Attachment IIA), DFA 885B (State Option Issuance Reconciliation Report) (Attachment IIB) and DFA 885C (Total Issuance Reconciliation Report) (Attachment IIC). These forms replace the county specific FNS 46 report form.

In accordance with MPP, Division 16-410, each EBT county is required to complete, certify, and submit the DFA 885 reports to the State within 30 calendar days following the end of the report month. For reporting purposes, counties must also separately report Federal Food Stamp EBT and California Food Assistance Program (CFAP) issuance and return information. In addition, Federal and CFAP issuance information must reconcile to actual amounts reported on the DFA 256 report for issuance.

Please send the DFA 885A, B and C certified reports to:

CDSS Fund Accounting and Reporting Bureau
744 P Street, MS 13-72
Sacramento, CA 95814

Federal updates to line by line instructions

On October 1, 1999, FNS issued revised instructions for EBT FNS 46 reporting. (See Attachment III). EBT counties are to follow these instructions for completing their DFA 885 reports. The most significant change is reporting of EBT data in the "Other" column. As stated in the instructions, changes primarily affect the reporting of Federal Obligations, Lines 6 through 9.

- Line 6, "Total Issuance for the Month", must reflect benefits that have been established by the EBT processor and reconciled to the eligibility system.
- Line 7, "Returns During the Current Month", should include (1) benefits expunged or moved "off line" by the EBT processor and returned to the county (2) benefits returned to county in voluntary repayment of a recipient claim and (3) the value of benefits converted to coupons (whether or not the converted coupons are issued from the county or the EBT processor).

Sources for Lines 6 and 7 of the DFA 885 Report

In order to comply with these new rules, counties should use information from the State Automated Reconciliation System (SARS) for line 6 and line 7. SARS was developed by the Health and Human Services Data Center to facilitate the reconciliation process required under Title 7 Code of Federal Regulation Section 274.12, and MPP Division 16-401.

All Food Stamp EBT issuances, with the exception of Disaster Food Stamps, are currently reported under the benefit type "FSP" in SARS. Counties will use the monthly value "Reported Today's Deposit" from the SARS system on the Issuance Reconciliation worksheet (Level 3A) (Attachment IV) for Line 6 of the DFA 885C. As previously stated, monthly Federal issuance data will have to be separated from monthly CFAP issuance data and reported on the DFA 885A and DFA 885B, respectively.

For returns amounts, counties will use the monthly value of “Reported Benefit Returns” on the SARS Issuance Reconciliation worksheet (Level 3A - FSP) (See Attachment IV) for Line 7 of the DFA 885C. Cents must be reported as they appear in SARS. Monthly Federal return data will also have to be separately reported from monthly CFAP return data on the DFA 885A and DFA 885B, respectively.

Counties must reconcile any variations in monthly value in lines 6 and 7 of the DFA 885C to the “Calculated Today’s Deposit” and “Calculated Today’s Return” on the Issuance Reconciliation worksheet (Level 3A - FSP) of SARS.

FNS 250 (Food Coupon Accountability Report) and FNS 259 (Food Stamp Mail Issuance Report)

The FNS issued a letter dated June 13, 2002 to all county fiscal officers via e-mail (see Attachment V). The letter states that counties electing to issue coupons for coupon conversions will follow existing rules and procedures regarding FNS 250 and FNS 259 reporting. That means that counties must send the FNS 250 (monthly) and FNS 259 (quarterly) reports directly to FNS and a copy to CDSS 45 days after the report month/quarter.

For these counties, the “total value of coupons issued” on line 19 of the FNS 250 report must be reconciled to the total value of coupons converted for the month. The monthly value of “coupon conversions” is also captured on the Issuance Reconciliation worksheet (Level 3A - FSP).

Counties that choose the EBT processor to distribute coupons for coupon conversions will no longer be required to prepare a monthly FNS 250 and quarterly FNS 259 report. Instead, CDSS will develop a coupon reporting process with the EBT processor and submit a statewide FNS 250 and FNS 259 report to FNS.

FNS 209 (Status of Claims Against Households)

The FNS 209 shall continue to be processed quarterly and should reflect all claims against households regardless of coupon or EBT issuance. There is no differentiation in reporting the collection of either claim.

DFA 256 (Food Stamp Program Participation and Coupon Issuance Report)

Due to the need to separately track coupon issuances and EBT, all EBT counties must submit two separate DFA 256 reports: (1) one for persons and households receiving coupons and (2) one for persons and households receiving EBT. The EBT report should be annotated “EBT” in the upper right hand corner of the page.

If you have any questions regarding the FNS reports or if you would like to receive an Excel version of the DFA 885 forms, please call Janet Lopez of the Fund Accounting and Reporting Bureau at (916) 653-6741. Questions regarding the DFA 256 reporting process can be directed to Sharon Shinpaugh of Data Analysis and Design at (916) 654-1212.

Sincerely,

***Original Document Signed by
MARGE DILLARD on 09/23/02***

MARGE DILLARD, Chief
Fiscal Systems and Accounting Branch

Attachments

Report Table

Report Form	Title	Type	Purpose
FNS 46 (Instructions on Attachment III)	Issuance Reconciliation Report	Federal Report	Monthly Report of food stamp issuance and returns. Report also captures over-issuance liabilities for the month.
DFA 885A (New) (Attachment IIA)	Federal Issuance Reconciliation Report	State Report	Monthly county report of Federal issuance data that should be included in FNS 46 report.
DFA 885B (New) (Attachment IIB)	State Option Issuance Reconciliation Report	State Report	Monthly county report of State Option issuance data that is not included on the FNS 46 report.
DFA 885C (New) (Attachment IIC)	Total Issuance Reconciliation Report	State Report	Monthly county report of Federal and State Option issuance data.
FNS 250 (Letter on Attachment V)	Food Coupon Accountability Report	Federal Report	Monthly report that serves as a Food Coupon inventory control document and that determines the liability for inventory losses.
FNS 259 (Letter on Attachment V)	Food Stamp Mail Issuance Report	Federal Report	Quarterly report of monthly mail coupon issuance and mail loss information.
FNS 209	Status of Claims Against Households	Federal Report	Quarterly report of activities related to status of claims against households. Includes number and amount of claims, amount of collections, and balance of claims.
DFA 256	Food Stamp Program Participation and Coupon issuance Report	State Report	Monthly county report of persons and households participating in the Food Stamp program and the value of issuances.

FEDERAL ISSUANCE RECONCILIATION REPORT (FEDERAL ONLY)

Note: Report is due to the California Department of Social Services 30 days after the end of report month.

1. NAME AND ADDRESS OF RECONCILIATION POINT	2. TYPE OF REPORT <div style="text-align: right; margin-right: 10px;"> INITIAL <input style="width: 100px; height: 20px;" type="text"/> FINAL <input style="width: 100px; height: 20px;" type="text"/> REVISION <input style="width: 100px; height: 20px;" type="text"/> REPORT MONTH <input style="width: 100px; height: 20px;" type="text"/> </div>	4. CONSOLIDATED RECONCILIATION REPORT <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> NUMBER OF PROJECT AREAS <input style="width: 150px; height: 20px;" type="text"/> </div> <div style="width: 45%;"> NUMBER OF ISSUANCE POINTS <input style="width: 150px; height: 20px;" type="text"/> </div> </div>			
3. PROJECT CODE FOR RECONCILIATION POINT					

5. Issuance Systems Used	AUTH. DOC.	DIR. ACCESS	DIR. MAIL	OTHER (EBT)
TOTAL OBLIGATIONS				
6. Total Federal Issuance this month				
7. Federal Returns during current month				
8. Net Federal Issuance (Line 6 minus Line 7)	-	-	-	-
9. Value of authorized replacement(s) transacted				
MASTER FILE RECONCILIATION				
10. Issuance record not found on Master Iss. File				
11. Value of unauth. Duplicate/replace, transacted				
12. All other Issuances not documented and reconciled by final report				
TRANSACTION RECONCILIATION (Record-for-issuance)				
13. Altered/counterfeit auth. Docs. Transacted				
14. Expired authorization documents transacted				
15. Lost/stolen blank auth. Docs. Transacted				
16. Out-of-State auth doc. Or card transacted				
17. Auth. Doc. with no photo-ID no. transacted				
18. Unsigned/unstamped auth. Doc. Transacted				
19. Other invalid issuance				
OTHER ISSUANCE LIABILITIES				
20. Unauthorized Issuance after FNS directive				
21. Unauth. Issuance in court order/settlement				
TOTALS				
22. Total overissuance (Add lines 10 through 21)	-	-	-	-
23. Total valid Federal issuance (Line 8 minus Line 22)	-	-	-	-
24. Remarks (*specify and /or describe)				
I CERTIFY that this report was compiled in accordance with the procedures set forth in the Food Stamp Program Regulations. I further certify that this report is true and correct and I understand that I make these certification under penalty of law.				
25. DATE	26. SIGNATURE	27. TITLE		

STATE OPTION ISSUANCE RECONCILIATION REPORT (STATE OPTION ONLY)

Note: Report is due to the California Department of Social Services 30 days after the end of report month.

1. NAME AND ADDRESS OF RECONCILIATION POINT	2. TYPE OF REPORT <div style="text-align: right;"> INITIAL <input style="width: 100px; height: 20px;" type="text"/> FINAL <input style="width: 100px; height: 20px;" type="text"/> REVISION <input style="width: 100px; height: 20px;" type="text"/> REPORT MONTH <input style="width: 100px; height: 20px;" type="text"/> </div>	4. CONSOLIDATED RECONCILIATION REPORT NUMBER OF PROJECT AREAS <input style="width: 100px; height: 20px;" type="text"/> NUMBER OF ISSUANCE POINTS <input style="width: 100px; height: 20px;" type="text"/>			
3. PROJECT CODE FOR RECONCILIATION POINT					

5. Issuance Systems Used	AUTH. DOC.	DIR. ACCESS	DIR. MAIL	OTHER (EBT)
TOTAL OBLIGATIONS				
6. Total State Issuance this month				
7. State Returns during current month				
8. Net State Issuance (Line 6 minus Line 7)	-	-	-	-
9. Value of authorized replacement(s) transacted				
MASTER FILE RECONCILIATION				
10. Issuance record not found on Master Iss. File				
11. Value of unauth. Duplicate/replace, transacted				
12. All other Issuances not documented and reconciled by final report				
TRANSACTION RECONCILIATION (Record-for-issuance)				
13. Altered/counterfeit auth. Docs. Transacted				
14. Expired authorization documents transacted				
15. Lost/stolen blank auth. Docs. Transacted				
16. Out-of-State auth doc. Or card transacted				
17. Auth. Doc. with no photo-ID no. transacted				
18. Unsigned/unstamped auth. Doc. Transacted				
19. Other invalid issuance				
OTHER ISSUANCE LIABILITIES				
20. Unauthorized Issuance after FNS directive				
21. Unauth. Issuance in court order/settlement				
TOTALS				
22. Total overissuance (Add lines 10 through 21)	-	-	-	-
23. Total valid State issuance (Line 8 minus Line 22)	-	-	-	-
24. Remarks (*specify and /or describe)				
I CERTIFY that this report was compiled in accordance with the procedures set forth in the Food Stamp Program Regulations. I further certify that this report is true and correct and I understand that I make these certification under penalty of law.				
25. DATE	26. SIGNATURE	27. TITLE		

TOTAL ISSUANCE RECONCILIATION REPORT (FEDERAL + STATE OPTION)

Note: Report is due to the California Department of Social Services 30 days after the end of report month.

1. NAME AND ADDRESS OF RECONCILIATION POINT	2. TYPE OF REPORT		4. CONSOLIDATED RECONCILIATION REPORT			
	INITIAL		NUMBER OF PROJECT AREAS			
	FINAL		NUMBER OF ISSUANCE POINTS			
	REVISION					
	REPORT MONTH					
		3. PROJECT CODE FOR RECONCILIATION POINT				
5. Issuance Systems Used		AUTH. DOC.	DIR. ACCESS	DIR. MAIL	OTHER (EBT)	
TOTAL OBLIGATIONS						
6. Total Issuance this month						
7. Returns during current month						
8. Net Issuance (Line 6 minus Line 7)		-	-	-	-	
9. Value of authorized replacement(s) transacted						
MASTER FILE RECONCILIATION						
10. Issuance record not found on Master Iss. File						
11. Value of unauth. Duplicate/replace, transacted						
12. All other Issuances not documented and reconciled by final report						
TRANSACTION RECONCILIATION (Record-for-issuance)						
13. Altered/counterfeit auth. Docs. Transacted						
14. Expired authorization documents transacted						
15. Lost/stolen blank auth. Docs. Transacted						
16. Out-of-State auth doc. Or card transacted						
17. Auth. Doc. with no photo-ID no. transacted						
18. Unsigned/unstamped auth. Doc. Transacted						
19. Other invalid issuance						
OTHER ISSUANCE LIABILITIES						
20. Unauthorized Issuance after FNS directive						
21. Unauth. Issuance in court order/settlement						
TOTALS						
22. Total overissuance (Add lines 10 through 21)		-	-	-	-	
23. Total valid issuance (Line 8 minus Line 22)		-	-	-	-	
24. Remarks (*specify and /or describe)						
I CERTIFY that this report was compiled in accordance with the procedures set forth in the Food Stamp Program Regulations. I further certify that this report is true and correct and I understand that I make these certification under penalty of law.						
25. DATE	26. SIGNATURE		27. TITLE			

United States Department of Agriculture
Food and Nutrition Service

Western Region

Reply to
Attn of:

Subject: Clarification for the FNS-46 Issuance Reconciliation Report

To: Food Stamp Directors

Attached please find revised instructions for the FNS-46 Issuance Reconciliation Report. Part of the FNS EBT reconciliation integrity initiatives over the last Fiscal Year was an assessment of the use of the FNS-46 report and how to ensure that it provides accurate and useful EBT accounting data. This assessment identified the need to clarify the instructions to assist States in reporting valid and accurate EBT issuance figures. This clarification supersedes Instruction Clarifications dated June 13, 1997 and is effective beginning with the Fiscal Year 2000 FNS-46 reporting periods.

Changes focus almost exclusively on the "Federal Obligations" section of the FNS-46 (lines 6, 7, 8 and 9). In particular, these changes relate to the "Other" column; a column that is used to record EBT issuance figures (among other forms of noncoupon issuance). Some of the primary clarifications include:

- Line 2. Type of Report – Data should reflect all issuance and return activity for the entire calendar month entered in this report field.
- FEDERAL OBLIGATIONS - For noncoupon-based systems, an "**obligation**" is defined as an accounting event in which benefits have reached their availability date, thus becoming an obligation to the Federal government.
- FEDERAL OBLIGATIONS - The **availability date** is the date on which benefits are accessible to the recipients.
- Line 6. Total Issuance for Month - EBT benefits are considered issued when they are posted to household accounts and have reached their availability date. The posting of benefits to household accounts constitutes the action taken by the EBT processor to make benefits available to recipients.
- Line 6. Total Issuance for Month – For EBT, line 6 data should reflect data from the State's eligibility system that has been validated and reconciled against the data from the EBT processor's system.
- Line 7. Returns During Current Month – For noncoupon-based systems, line 7 should include the value of benefits expunged or moved "off-line" by the EBT processor and returned to the State. The State should report expunged and off-line benefits in the report month that the processor actually removes the benefits to eliminate the possibility of future reporting errors.

- Line 7. Returns During Current Month – For noncoupon-based systems, line 7 should not include “orphan,” “rejected,” or “unposted” benefits. These are benefits transmitted by the State to the EBT processor that fail to post in household accounts.

We hope that these updates help clarify requirements for accurate FNS-46 reporting. Please forward this information your State agencies. If you have any questions or need additional information, please contact Sharon Eldred at (703) 305-2854.

Martin Tom

Martin Tom, Acting FMD
WRO

FNS-46
ISSUANCE RECONCILIATION REPORT INSTRUCTIONS
October 1, 1999

Due Date: The FNS-46 report is due to the Regional Office 90 days from the end of the report month.

The following is a line-by-line explanation of the form with supporting background discussion.

INTRODUCTORY QUESTIONS

Line 1. Name and Address of Reconciliation Point

Enter the name and address of the reconciliation reporting point where the report was prepared.

Line 2. Type of Report

Enter an "X" in the "Initial Report" box if this is the first report for the calendar month. Enter the revision number (i.e., 1, 2, etc.) in the "Revision Report" box if this is a revision. Please **do not** enter an "X" in the "Final Report" box. It is an inactive field and should be left empty at all times.

NOTE: Data entered in this report should reflect all issuance and return activity for the entire calendar month.

Line 3. Project Code for Reconciliation Point

Enter the project code number for the reconciliation reporting point. Although there are nine boxes, the project code has seven digits. Enter the project code in the first seven boxes.

Line 4. Consolidated Reconciliation Report

Enter the number of project areas and issuance points covered.

Line 5. Issuance Systems Used

Enter an "X" in the column box which describes each issuance system(s) you will report on. *(See below for additional information.)*

ISSUANCE SYSTEMS

Multiple Issuance Systems

Reconciliation reporting points operating more than one issuance system within their area will report data for each type of issuance separately on the form, except for the situation described below. If this is a consolidated report for more than one reconciliation reporting point and different systems are used, data must be listed separately for each issuance system.

There is one situation in which data does not need to be reported separately and can be reported under the primary issuance category. Food Stamp Program regulations require State agencies to divert issuance to an alternate method of delivery after a certain number of losses or allow the household to elect an alternate method of delivery. If this is done on a household-by-household basis, the State is not required to break it out separately from the primary issuance system type, as the second issuance type is probably negligible in quantity.

However, States for various reasons may decide to place a particular geographical area (e.g., zip code) or "grouping" of households (e.g., elderly SSI recipients) on an alternate system because of a high loss rate. In this situation, where the alternate issuance is based on a geographic location or a "grouping" of households, the State must report the alternate issuance system under a separate column to protect the integrity of the mail issuance liability system and ensure a degree of accuracy in the issuance data.

Master Issuance File and Record-for-Issuance File

The Master Issuance File is a cumulative file containing individual records on the status of households and the amount of benefits, if any, each household is authorized to receive. The Record-for-Issuance File is a file created monthly from the Master Issuance File that shows the amount of benefits each eligible household is to receive for the issuance month and the amount actually issued to the household. Some States may not have a separate Record-for-Issuance File.

Types of Issuance Systems

Following are definitions for the issuance systems under which State agencies are to report:

For Coupon-Based Systems:

Authorization Document - Any system using an authorization document or list that must be signed by the household. Examples of this type of system include ATP issuance systems and regular mail issuance systems, where the intermediary signature document is the primary instrument which determines, for the issuer, whether the household is authorized for benefits and for what amount.

Direct Access - Any system in which benefits are issued directly to the household and an issuance agent is able to directly access the Master or Record-for-Issuance Files to record the

issuance. Examples of this system are on-line automated issuance systems and manual Household Issuance Record (HIR) Systems. The instrument (HIR card or automated file) that indicates to the issuer whether and for how much an individual is authorized is the source file itself.

Direct Mail - A system in which coupons are directly delivered through the mail to households. No authorization document is used. NOTE: *Systems that send checks rather than coupons are not direct mail systems and belong under "Other."*

Other - This column is for all FNS-approved issuance system types that are not included in the above categories. The "Other" box should be checked and the system's three letter code (as identified below) entered in the "Remarks" section. Hybrid systems are continually being developed and will be added to this section as they come to FNS's attention. Please note that all check and electronic-based systems should be listed in this column. The following are approved issuance system types that may be included under "Other":

- *Direct Delivery Issuance (DDI)* is the direct issuance of counted and packaged coupons to recipients by a contract issuance agent or a government agency other than the normal issuance/certification State agency office. No authorization document is involved nor is direct access to the Master or Record-for-Issuance File involved.
- *Over-the-Counter Issuance (OTC)* is the direct issuance of coupons by a State agency office. No authorization document is involved nor is direct access to the Master or Record-for-Issuance File involved. These coupons can be counted and packaged or taken from inventory.
- *Noncoupon-Based Systems:*
 - *Electronic Benefit Transfer (EBT)*
 - *SSI/Elderly Cash-out (SSI)*
 - *Welfare Reform Initiative (WRI)*
 - *Pure Cash-Out (PCO)*

If more than one "Other" system is operating in an area, an additional FNS-46 form must be completed. For instance, if an area is operating both an OTC and EBT system, a second FNS-46 form must be submitted.

FEDERAL OBLIGATIONS

This portion of the form has three sections:

- **Section One.** Lines 6, 7 and 8 address the establishment of most of the Federal obligations for Food Stamp Program benefits. Line 9 is also a Federal obligation of allowable replacements. Section One does not establish or in any way affect the

determination of State liabilities nor does it duplicate the FNS-250, Food Coupon Accountability Report billings.

- Section Two. Lines 10 through 21 address reconciliation and determination of State issuance liabilities.
- Section Three. Lines 22 through 27 contain totals and signature blocks.

The Federal Government must have funds available in the Treasury for every coupon, non-coupon and check benefit that is issued. The method of ensuring that money is available is called "obligating." The method of decreasing the amount obligated is called "deobligating."

Obligating Under Coupon-Based Systems:

All coupon benefits that are issued and have reached their availability date during the report month are "obligations" of the Federal Government. For coupon-based systems, the availability date is the date at which the coupons are accessible to the recipients (physically in recipients' hands). *Note: Line 6 also includes coupons lost from thefts, cashier errors or inventory shortages (i.e., losses represented on FNS-250).*

Obligating Under Noncoupon-Based Systems:

Noncoupon benefits, such as EBT benefits posted to recipient accounts that have reached the availability date, are "obligations" of the Federal Government. The availability date for noncoupon-based systems is the date on which benefits are accessible to the recipients, either physically in recipients' hands or in recipients' accounts. For EBT systems, a more detailed definition is provided under instructions for line 6 for noncoupon-based systems. For non-EBT Cash-Out systems, the availability date is the date funds are placed into the State account.

Line 6. Total Issuance This Month

Enter the total value of all food stamp benefits issued to households during the month based on the definition of issuance described below for Coupon-Based and Noncoupon-Based Systems. This includes all new Federal obligations from initial, supplemental, restored/replacement benefits and FNS-250 losses. *NOTE: In accordance with the FNS-250 clarification, benefits issued and returned in the same report month are not listed on line 6; these benefits are treated as if they were not issued.*

Issuance Under Coupon-Based Systems:

In most situations involving coupon issuance, the amount entered on line 6 can be taken from line 19 of the FNS-250. Where reporting areas are different or where the reporting month for the FNS-46 and FNS-250 are different, data should not be taken directly from the FNS-250. Staff evaluating the State for issuance reporting should clearly understand the framework of operations in the State before suggesting that the numbers from the reports be identical.

Nevertheless, over several months time there should not be any major discrepancies between the value of coupons reported on line 19 of the FNS-250 and the value of coupons reported on line 6 of the FNS-46.

Under coupon-based systems *do not include* the value of benefits recouped by the State agency for payment of a claim. Recouped benefits are considered claims collections and are not counted as issued because the recoupment occurs before benefits are provided to the client.

Issuance Under Noncoupon-Based Systems:

EBT benefits are considered issued when they are posted to household accounts and have reached their designated "availability date." The posting of benefits to household accounts is an action performed by the EBT processor which applies benefits to recipient accounts. *Note: States must be aware that their EBT processors may use a different term to describe their method of "posting" benefits into their systems and the Account Management Agent (AMA) system.* The availability date is the date on which the benefits posted to the household accounts are accessible to the household. Once benefits have been issued, as defined, they represent obligations to the Federal government. Other noncoupon benefits, such as checks or cash, are considered issued when they are physically available to recipients. Data cannot be taken from the FNS-250 when noncoupon-based systems are involved, since the FNS-250 does not apply to these systems.

It is important to note that for EBT systems, line 6 issuance data originates from the State's eligibility system, using the issuance parameters outlined above. This data must be validated and reconciled against the EBT processor system data in order to detect any substantive differences. The State should be fully aware of the degree and nature of any variances that are occurring between the two systems, through daily reconciliation functions, as outlined in FNS regulations and guidance, and ensure that such differences are appropriately accounted for.

For noncoupon-based systems, line 6 **should** include the following:

- Value of all benefits made available to recipients by way of noncoupon-based systems; EBT, Pure Cash-out (PCO), Welfare Reform Initiative (WRI), and SSI/Elderly Cash-out (SSI).
- Value of all benefits posted to the EBT host in off-line EBT system and that have reached the availability date, even though the entire amount may not be loaded to recipients' cards.
- Value of benefits that are subsequently returned to the State agency in the current or ensuing months, such as when a recipient voluntarily makes restitution for a claim. The amount of the repayments, or voluntary returns, as described in the following section, should be reported on line 7.

- Value of EBT benefits issued to recipients for the “live” test of the EBT system.
- Value of benefit amount issued even though the benefit account is later reduced to cover representation amounts claimed by retailers as permitted by 7 CFR 274.12(1) of Food Stamp Program regulations.
- Value of EBT benefits issued to State and Federal investigators for trafficking investigations since these issuances are redeemed by the retailer and therefore represent a Federal obligation.

For noncoupon-based systems, line 6 **should not** include the following:

- Value of “pending,” “rejected,” or “orphan” benefits which have not been posted to a household account or have not yet reached their availability date.
- Value of allowable benefits recouped by the State agency for payment of a claim. Recouped benefits are considered claims collections and are not counted as issued because the recoupment occurs before benefits are provided to the client

Line 7. Returns During Current Month

The purpose of this item is to determine the value of “deobligations.” Deobligations are benefits that were reported as issued in an earlier reporting period but were returned to the State.

Returns Under Coupon-Based Systems:

Only two things can happen to returned food stamp coupons; they are destroyed or they are returned to inventory.

Enter a total of the following:

- Line 10 of the FNS-250, Food Coupon Accountability Report, to account for coupons returned to inventory.
- The total of lines 11, 12, 13 and 16 of the FNS-471 Coupon Account and Destruction Report, to account for destroyed coupons or coupons returned to inventory.

For coupon-based systems, line 7 **should** include the following:

- Coupons returned to the State agency as undeliverable or returned by the household after the issuance month has ended.

- The amount of returned benefits when it is not known if they were issued during the month they are returned in (e.g., coupons found on the street, etc.)
- Coupons returned to the State agency in payment of a recipient claim and subsequently destroyed or returned to inventory.

For coupon-based systems, line 7 **should not** include the following:

- The amount of benefits recouped prior to issuance by the State agency for payment of a claim.
- Coupons that are returned and exchanged for other coupons on a dollar per dollar basis. This occurs when issued coupons are partially destroyed or mutilated and are returned by the recipient to be exchanged for new ones. On the FNS-250, these are reflected on line 13 as "Credits To;" on the FNS-471 they appear on line 9 as "New Series Coupons for Exchange."

Returns Under Noncoupon-Based Systems:

Enter the total of returned noncoupon benefits. *NOTE: These values should not be taken from the FNS-250 or the FNS-471, as these forms apply only to coupon-based systems.*

For noncoupon-based systems, line 7 **should** include the following:

- Value of benefits in a recipient's EBT account when it is deactivated upon notification of the death of the recipient.
- Value of benefits expunged or moved "off-line" by the EBT processor. Expunged benefits represent benefits that have been removed from the EBT system because they have not been accessed by the household for one full year or other FNS-approved time period, or if the household failed to spend any small remaining EBT balance 7 days after coupon conversion. If benefits have not been accessed for 90 days (commonly referred to as "dormant" benefits), the EBT processor may move these benefits off-line until the client requests they be made available or reactivated. The State should report expunged and off-line benefits in the report month that the processor actually removes them and consistent with how returns are reported to the AMA system. *NOTE: Dormant benefits that are not moved off-line by the EBT processor are not "returns" and are not to be reported on line 7 until expunged.*
- Benefits on an off-line EBT system that are not loaded to a card at a retailer location and are subsequently returned to the State.
- EBT benefits returned to the State agency in voluntary payment of a recipient claim.

For noncoupon-based systems, line 7 may include the following:

- Value of EBT benefits when a household's EBT benefits are converted to coupons or cash, if a waiver has been approved. The determination of whether these benefits are reported as returns is based on the specific approved State cash out procedures. Some systems require a return of the EBT benefits and a new issuance of coupons, cash via check or EBT cash benefits and others do not, the conversion is transparent in their system. Please contact your Regional Office for further guidance on how to report these conversions for your State.

For noncoupon-based systems, line 7 should not include the following:

- "Orphan," "rejected" or "unposted" benefits. These are benefits transmitted by the State to the EBT processor that are not posted to households due to errors, such as mismatched data elements, which prevent the benefit from being available to the household.
- Amount of benefits recouped by the State agency for payment of a claim since those benefits have not been reported as issued.

Line 8. Net Issuance (Line 6 minus Line 7)

This calculation (line 6 minus line 7) results in a figure which is more accurately described as the net obligation. Line 8 represents a net obligation rather than a particular month's net issuance figure since some or all of the amount being returned (i.e., line 7 deobligations and FNS-250 losses reflected on line 6) was issued in a prior month.

Line 9. Value of Authorized Replacements Transacted

Enter the value of authorized replacements transacted during the report month. In the case of authorized replacements issued in the form of documents, enter only the value of authorized replacements if both the original and the replacement issuance document has been transacted. Line 9 is for the value of allowable replacements and it represents increased Federal liabilities only. The State is not billed for the value entered on this line.

Coupon-Based Systems:

Federal regulations allow a household to receive two countable replacements in a 6-month period for stolen or lost benefits. Once two countable replacements have been received by the household, the State is prohibited from making a third. NOTE: *Replacements are "countable" only if they are transacted (see 7 CFR 274.6).*

Noncoupon-Based Systems:

Under cash-out systems, Federal regulations direct States to provide clients with an opportunity to receive a replacement check if the check was sent via mail and was subsequently lost or stolen. For EBT systems, States are liable for benefit replacement if they fail to disable a recipient card immediately once the client has notified the State or its agent that the card or PIN is compromised, lost or stolen.

STATE LIABILITIES

Lines 10 through 21 capture information on State liabilities. FNS-46 billing will be based on the information found on these lines. For reporting purposes, this segment of the report separates State liabilities into three categories:

- Errors in issuance detected through Master Issuance/Record-for-Issuance File reconciliation (lines 10,11, and 12)
- Improper issuance transactions involving valid or invalid transaction instruments (lines 13-19)
- Highly specific losses made when State agencies ignore FNS directives (lines 20-24)

In all situations the losses reported on these lines should be separate from the losses reported on the FNS-250; there should be no overlap. In every case the error in issuance reported on the following lines should be supported by a valid or invalid entry on the Record-for-Issuance File and/or a valid or invalid transaction instrument (ATP, Authority To Issue document, etc.).

If there is not a supporting entry or transaction instrument, the error should have resulted in an inventory loss and appear as a FNS-250 error.

Line 10. Issuance Record Not Found on Master Issuance File

This is the first of three lines under which a State may enter information on problems detected in the match-up of the Record-for-Issuance File to the Master Issuance File. This line should include the value of benefits issued based on a Record-for-Issuance that does not match the Master Issuance File.

Line 10 should also include EBT benefits authorized via an Administrative Terminal directly into the EBT account that exceed the information in the Master Issuance File.

Examples of problem match-ups include:

- Instances where the computer misread information on the Master Issuance File and issued more benefits than were due. For example, in an ATP issuance system, an issuance liability would be listed on this line when the system issued two identical

ATPs to one household, when only one such ATP was listed as authorized on the Master Issuance File.

- Instances where an over-the-counter replacement may have been issued for an amount that does not match the amount listed on the Master Issuance File. For example, the clerk typing the over-the-counter replacement types \$210 on the ATP rather than \$21.
- Both a system-generated and manual over-the-counter allotment are issued but the household was only entitled to one allotment. The Master Issuance File shows only one client entry.
- If the State erroneously authorizes a benefit that is posted to a recipient's EBT account and it was not adjusted prior to the availability date, the overissued amount should be reported on this line.

Line 11. Value of Unauthorized Duplicate/Replacement Transacted

This line represents the value of the replacement when a State agency issues a third replacement to a household that has already received two countable replacements. As discussed above, the first two countable replacements are Federal liabilities and their replacement value should be included on line 9. Although States are prohibited from issuing a third replacement, should they do so, the replacement value is a State liability, even if a State subsequently files a claim against the household.

NOTE: Duplicate participation caused by the household being listed on the Master Issuance File at two locations or by a member of one household receiving benefits in another household in the same month is not an issuance error, it is a certification error and should not be reported as duplicate issuance on line 11.

Line 12. All Other Issuances Not Documented and Reconciled by the Final Report

Enter any unreconcilable issuance that were not accounted for previously on line 10 or line 11.

Transaction Reconciliation

Line 13. Altered/Counterfeit Authorization Documents Transacted

Enter the value of all counterfeit or noticeably altered or forged authorization documents that were transacted. Instruments that could potentially be counterfeited may include authorization registers, ATP cards, EBT cards and any other intermediate documents which are prepared by

the State agency and presented by households or used by issuance agents to receive or issue benefits.

Line 14. Expired Authorization Documents Transacted

Enter the value of all authorization documents that were transacted after the expiration dates shown on the documents.

Line 15. Lost/Stolen Blank Authorization Documents Transacted

Coupon-Based Systems:

Enter the value of all issuance based on stolen, lost, or misplaced blank issuance documents that were transacted. *NOTE: The original instructions to the FNS-46 report make reference to stolen or lost transacted ATPs lost prior to reconciliation. This is incorrect since the loss or theft of transacted ATPs (not blank) prior to reconciliation would result in a liability reported on the FNS-250. Only stolen or lost "blank" ATPs which were subsequently transacted should be included on this line.*

Noncoupon-Based Systems:

Losses incurred under check-issuance or EBT systems are reported on line 19, Other Invalid Issuance.

Line 16. Out-of-State Authorization Documents or Cards Transacted

Enter the value of all issuance based on authorization cards and documents that were issued by another State agency, but were transacted within the reconciliation area. This is considered a liability even if the households involved were eligible to participate and the amounts of the benefits were correct. *NOTE: If the State is participating in an interstate EBT agreement, do not include the amount of EBT benefits transacted outside the reconciliation area.*

Line 17. Authorization Documents with No Photo-ID Number Transacted

Enter the value of all issuance liabilities produced as a result of an issuance agent's failure to properly annotate authorization documents in Federally mandated photo-id project areas. A liability exists only when both an original and a replacement issuance were transacted during the month and one of the transaction documents supporting the issuance has not been properly annotated. *NOTE: For authorization documents not properly annotated the first, second or third countable replacement(s) are entered on this line and not line 9 or 11.*

Line 18. Unsigned/Unstamped Authorization Documents Transacted

Enter the value of all issuance liabilities produced as a result of an issuance agent's failure to

obtain either the signature of the household or date stamp the transacted authorization document. A liability exists only when both an original and a replacement issuance were transacted during the month and one of the transaction documents supporting the issuance has not been properly annotated. *NOTE: For authorization documents not properly annotated the first, second or third countable replacement(s) are entered on this line and not line 9 or 11, respectively.*

Line 19. Other Invalid Issuance

Enter all issuance which can be identifiably attributed to errors in transaction instruments or issuing agent handling but not resulting in coupon inventory loss. Examples include:

- When a recipient reports an EBT card either lost or stolen, a hold should immediately be placed on the EBT account. Any lost or stolen benefits thereafter transacted become the State's liability and should be reported on this line.
- When a recipient reports a check (in a cash-out situation) either lost or stolen, a stop payment should immediately be placed on the check. Any lost/stolen checks that are thereafter cashed become the State's liability and should be reported on this line.
NOTE: If the cash is subsequently stolen, the State is not liable for the lost/stolen benefits and is not required to replace the cash.

Other Issuance Liabilities

Line 20. Unauthorized Issuance after FNS Directive

Enter the amount of all unauthorized issuance made during a period in which State agencies were under an order to reduce, suspend, or cancel benefits (see 7 CFR 271.7(h)).

Line 21. Unauthorized Issuance in Court Order/Settlement

Enter the value of all benefits issued as the result of a court order, a court settlement or an out-of-court settlement of a court suit, if the court suit was not reported to FNS immediately after suit was brought (see 7 CFR 272.4(e)).

Line 22. Total Overissuance

Enter the sum of lines 10-21. This is the total State FNS-46 liability.

Line 23. Total Valid Issuance

Do not calculate this figure.

Line 24. Remarks

Enter the name of the issuance system (per the three letter codes provided within the instructions for line 5) if benefits were recorded under the "Other" category.

The State should also specify the value of EBT benefits issued to State and Federal investigators for trafficking investigations which were included in the EBT total issuance figure reported on line 6. Other remarks, explanations, comments, or clarifications about data on the form may also be entered here.

Line 25. Date

Enter the date the report was signed.

Line 26. Signature

An authorized representative of the State must sign the form.

Line 27. Title

Enter the title of the authorized State representative.

California Home

Tuesday, Sep



SARS Reconciliation Reports

Issuance Reconciliation (Level3A)

User Manual

Main Menu: Reconciliation Reports

Sub Menu: Issuance Reconciliation (Level3A)

☐ Request

Benefit Type: FSP

December January February March April May

New Benefit Issuance

Batch Benefit Issuance	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Batch Benefit Voids	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Rejected Batch Benefit Issuance	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Rejected Batch Benefit Voids	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Administrative Issuance	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Administrative Voids	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

Unlinked Reconciliation

Yesterday's Available Unlinked	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Today's Available Unlinked	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Today's Available Deleted	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Calculated Today's Deposit	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Reported Today's Deposit	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Today's Variance	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Yesterday's Outstanding Variance	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Today's Outstanding Variance	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

Benefit Type: FSP

December January February March April May

Benefit Returns

Expungements	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Coupon Conversions	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Repayments	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Calculated Benefit Returns	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Reported Benefit Returns	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Today's Variance	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Yesterday's Outstanding Variance	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Today's Outstanding Variance	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00



United States
Department of
Agriculture

June 13, 2002

Food and
Nutrition
Service

Western Region

550 Kearny St.
Room 400
San Francisco, CA
94108-2518

All California Counties

This letter clarifies the issue of the dispensation of food coupon inventories when a county converts to the Electronic Benefit Transfer (EBT) issuance system for the Food Stamp Program.

1. ***Some counties are electing to have Citicorp Electronic Financial Services, Inc (CEFS) handle their coupon inventory when they convert to EBT. How should counties handle their coupon inventory return?***

If the coupon inventory is related to only authorized issuances, the inventory will not be sent to CEFS. The majority of inventory will be transferred to other counties and unusable inventory might have to be destroyed with prior FNS approval. The county should locate another nearby county who is willing to receive the inventory. The county can contact the Western Region Financial Management staff if they need any assistance on the transfer. The county will reflect the transfer and a zero inventory on the FNS-250 report. If the inventory is comprised of returned food coupons after an authorized issuance, there are some options for the counties on how to handle them. The food coupons can be returned to inventory if useable and if not, can be destroyed. If the County will be doing their own coupon conversions, they will need to maintain an adequate coupon inventory.

2. ***If CEFS is maintaining an inventory of food coupons, will CEFS need to submit the FNS-250 and FNS-259 reports monthly and quarterly, respectfully, regardless of the amount of coupon issuance or inventory in the future?***

If CEFS is only doing the issuance of benefits being converted back to coupons, CEFS will submit the FNS-250 supporting documentation to the California Department of Social Services (CDSS) to document and support the State's authorized original issuances. The same would be true for the FNS-259, which reports information about coupons issued (not converted) and lost in the mail. Once a county is converted to EBT and if the County uses CEFS to do the conversions, CDSS will prepare and submit the official FNS 250 and FNS 259 reports for CEFS.

The State will need to monitor and verify the inventory CEFS has on hand to do benefit conversions. Even though it will be a small amount, the State will need to ensure the inventory change is only for authorized conversions. Any overages will be at the State's liability (unless it is passed on to CEFS). CDSS will submit a monthly FNS-250 report to the Food and Nutrition Service (FNS). The conversion of EBT benefits will be considered as authorized issuances on the FNS-250. FNS strongly encourages CDSS to maintain good management control and the source documentation to support all coupon conversions.

3. ***What if the county elects to maintain its own inventory of coupons for coupon conversion?***

If the county is maintaining an inventory for coupon conversions, then the county will need to continue to submit an FNS-250 report to FNS and a copy to CDSS. There is no change in current procedure. Attach to the FNS-250 all supporting documentation and show the coupon conversion as an "authorized issuance", similarly to what was done with

authorized mail replacements.

4. Would any FNS reports be eliminated as a result of EBT?

No, the FNS-250, 260, and 259 will still be submitted for counties maintaining a coupon inventory as long as there is a need for coupon conversion. For those counties electing CEFS to maintain an inventory for conversions, these reports will no longer be the responsibility of the counties. Once EBT becomes fully implemented statewide, we anticipate that the FNS 250, 260 and 259 will no longer be necessary.

5. Will there be any change in the FNS 46 reporting process as a result of EBT?

The State has agreed to submit one (consolidated) FNS-46 report for all statewide (not including San Bernardino and San Diego counties) for fully converted (implemented) EBT counties under CEFS. Therefore, counties that have fully converted to EBT will need to send their FNS 46 information directly to CDSS. San Bernardino and San Diego counties will be need to change to the new process at the time they convert to the statewide EBT processor CEFS. It is our understanding that CDSS will send out a fiscal letter explaining the new process soon.

If you have any questions, you may contact Connie Ching at 415-705-1338, Extension 227. You may also reach her at our facsimile number, 415-705-1394 or Connie_Ching@fns.usda.gov.

Sincerely,

Martin Tom

Martin Tom
Section Chief
Financial Services Section I
Financial Management
Western Region